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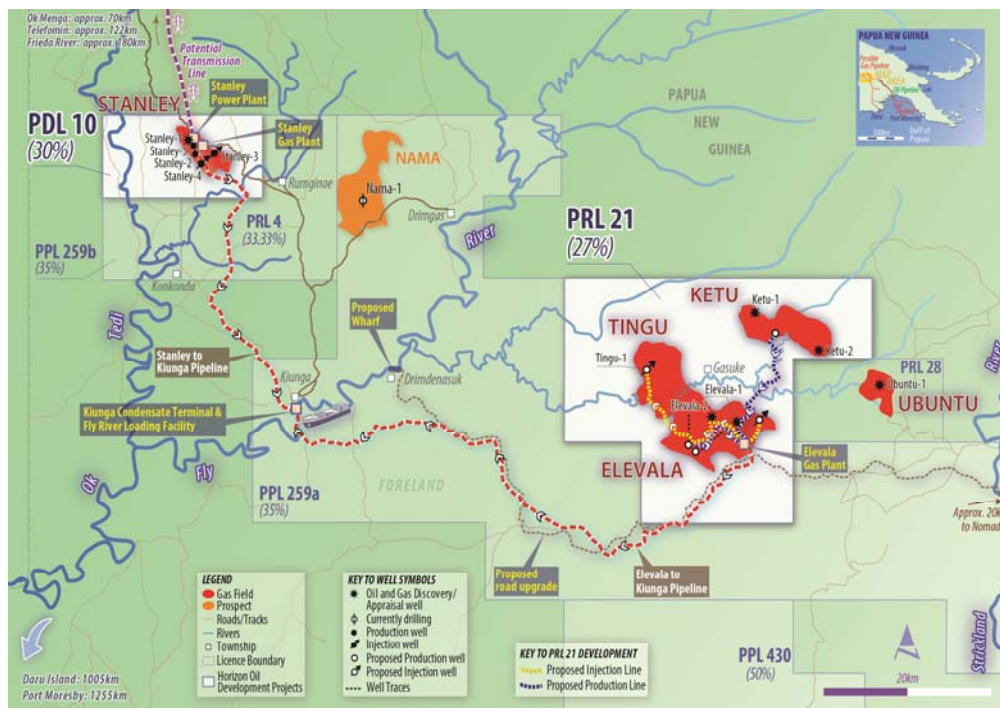
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HORIZON OIL (HZN) UPDATE ON NAMA-1 EXPLORATION WELL IN PAPUA NEW GUINEA

Horizon Oil advises that the Nama-1 exploration well in PPL 259, Western Province, Papua New Guinea, which spudded on 4 December 2014, is currently at total depth of 3,533 m.



The well encountered a total of 77 m of the target Early Cretaceous Elevala and Toro sandstones and Late Jurassic Kimu sandstones, which are productive in nearby Stanley field (see map). Subsequently pressure measurements and sampling were taken in the key prospective zones, followed by the acquisition of side wall cores.

The sands, which were considerably thicker than predicted, calculate as being gas-saturated, however reservoir properties are of poor quality and cannot be considered to be commercially productive at this location.

Sidewall cores were run to determine the cause of reservoir degradation, which is thought to be diagenetic alteration, and the implications for possible lateral improvement. Interpretation of the well data, including the side wall cores, will be carried out to determine whether this is a localised effect, and if so, what potential remains in the broader Nama prospect.

The well is currently being plugged and abandoned and it is anticipated that Parker *Rig* 226 will be released over the weekend. The Company intends to update shareholders on the results of the interpretation work when completed and the implications for future evaluation of the prospect.

Participants

Ketu Petroleum Limited (a subsidiary of Horizon Oil Limited)
Eaglewood Energy (BVI) Ltd
Osaka Gas Niugini E&P Pty Ltd
Mega Fortune International Limited

Interest

35%
45%
10%
10%

Yours faithfully



Brent Emmett

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